

Pension News Update (August 2021)

Increasing the Normal Minimum Pension Age

1. On 20 July 2021 HMRC published a consultation on the draft legislation required to increase the normal minimum pension age (NMPA) from age 55 to 57 in April 2028, following an earlier consultation on implementation aspects of the change.
2. The NMPA is the earliest age at which most pension savers can access their pensions without incurring an unauthorised payments tax charge unless they are retiring due to ill health. The current NMPA is 55 since 6 April 2010 unless the member has a protected pension age (PPA) of 50.
3. A new protection will be available to reflect the increase in NMPA, referred to as the new PPA, which will allow members to retain a NMPA of 55. This protection will apply to anyone who is a member, on 5 April 2023, of a registered pensions scheme that has an unqualified right to take pension benefits before age 57 under the scheme rules (as at 11 February 2021), such as sections of the RPS.
4. Within the draft legislation, there is a carve out of certain uniformed services pension schemes and these schemes will automatically retain a NMPA of 55. The BTPFSF is mentioned in the draft legislation relating to this carve out.
5. Those members who already have a PPA of 50 will be unaffected by this new PPA or increase in the NMPA.
6. In contrast to current PPA, individuals with New PPA will not be required to meet the specified conditions required to retain a PPA on retirement and will be able to retain their PPA following a transfer but only in respect of transferred in benefits.
7. The consultation closes on 14 September 2021.

DWP consultation on “stronger nudge” to pensions guidance

8. On 9 July 2021, the DWP published a consultation on proposed regulations requiring individuals to be given a ‘stronger nudge’ to obtain appropriate pensions guidance. The nature of the proposed regulations is very similar to the Financial Conduct Authority’s (FCA) proposed rules in May 2021.
9. The proposed regulations would require trustees and managers of occupational pension schemes to ensure members aged 50 or above or their survivors receive, or opt out of receiving, appropriate pensions guidance from Pension Wise (recently rebranded as MoneyHelper) in certain circumstances. These circumstances include where members are seeking to access or transfer out in order to access DC pension flexibilities.
10. Pension schemes will also be required to explain the nature and purpose of Pension Wise guidance and facilitate the booking of a Pension Wise appointment for the member as part of the application process.
11. The consultation closes on 3 September 2021.